

UNDERSTANDING YOUR PNM BILL

2020 PNM ENERGY SOLUTIONS WEBINAR SERIES

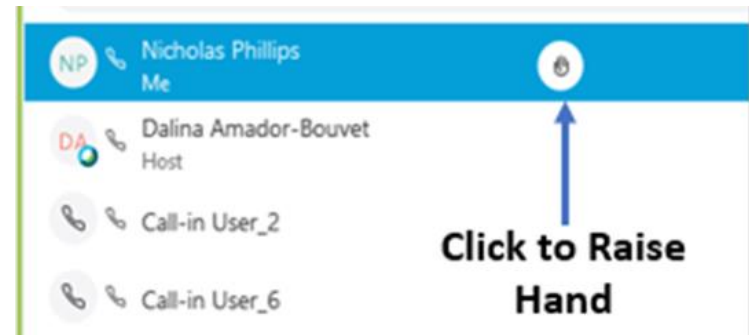


Talk to us.



HOUSEKEEPING

- You will receive an email with a link to [PNM.com/business-events](https://www.pnm.com/business-events), where you can access today's recorded webinar and presentation.
- All participants will be on mute upon entering. We will address questions at the end of the webinar. Please raise your hand by selecting **(*3)** on your phone to be unmuted or use the chat icon if you have a question.
- We are committed to answering all submitted questions. If we are unable to get to them today, we will provide a response after the presentation.



ABOUT PNM

PUBLIC SERVICE COMPANY OF NEW MEXICO

- Founded in 1917
- New Mexico based energy company focused on clean energy transformation
- Over 500K retail customers
- 2,811 MW resource portfolio
- Over 15K miles transmission and distribution lines



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TODAY'S SPEAKERS



Aaron Braasch
PNM Segment Analyst



Veronica Neuman
PNM Customer Care Center,
Lead



Mike Settlege
PNM Pricing Analyst



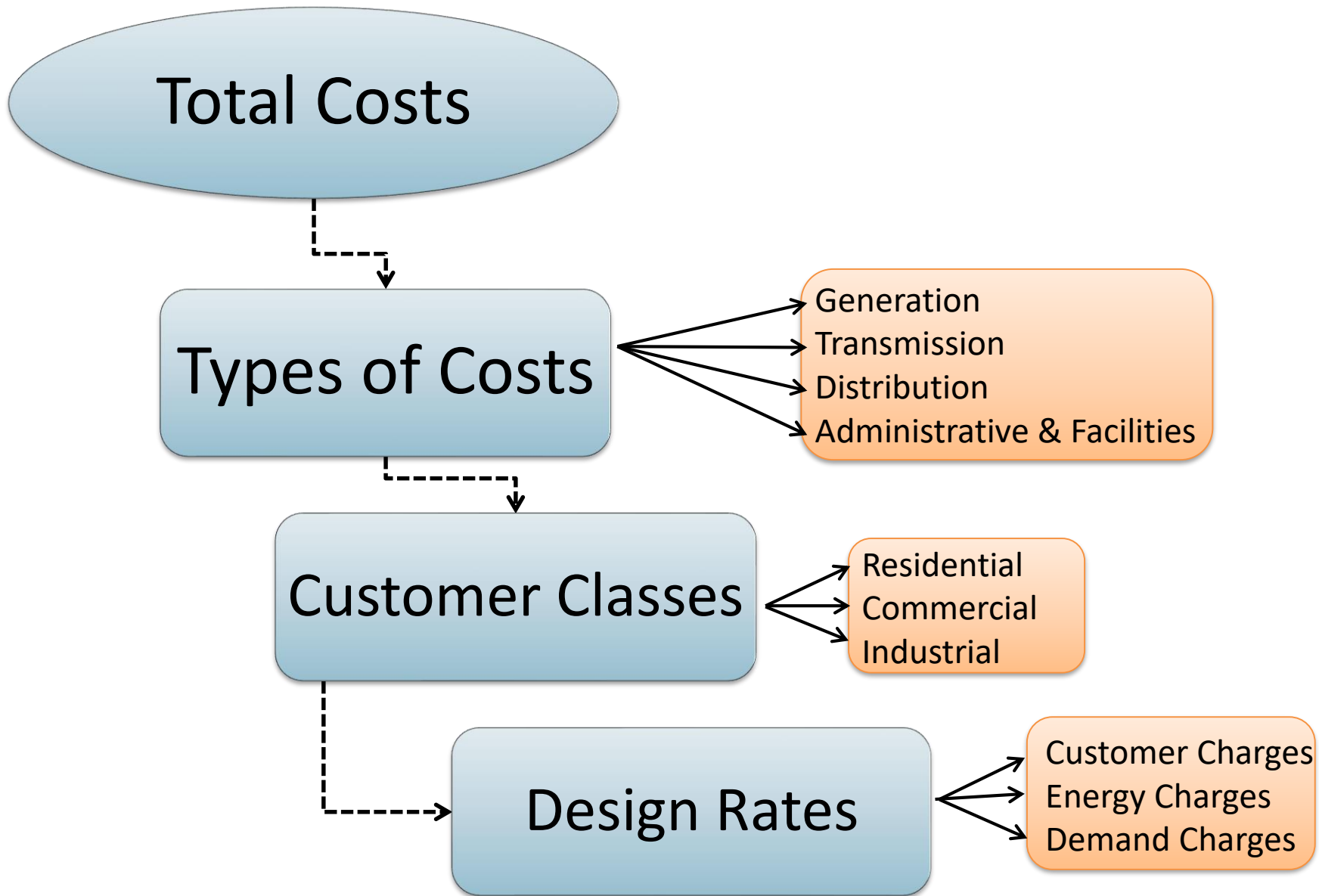
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GOALS FOR TODAY'S PRESENTATION:

- Demystify where energy rates come from
- Explain why customers are charged the way they are
- Understand how our costs are translated to customer bills

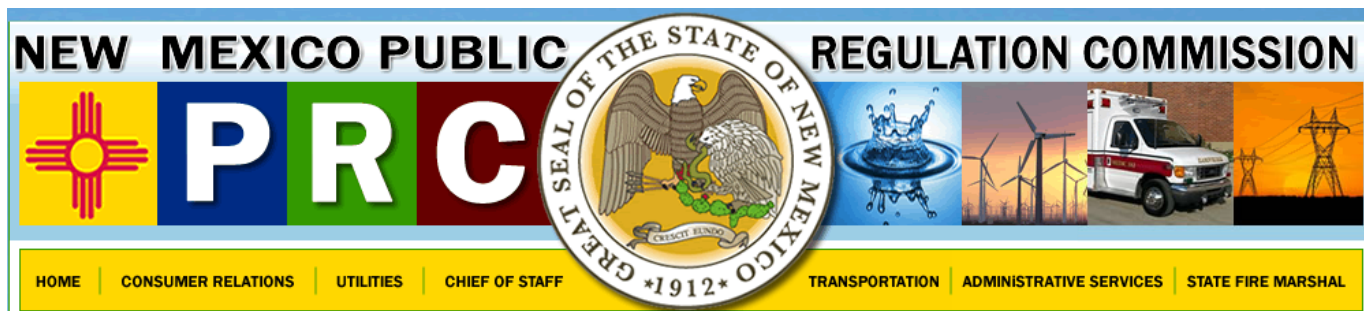
THE PROCESS OF DEVELOPING RATES



NMPRC HEARING / APPROVAL

When setting rates, the Regulation Commission must consider both:

- The Utility's financial integrity, and
- The consumer's right to receive safe and reliable service at fair and reasonable rates.



THE PROCESS OF DEVELOPING RATES: OVERVIEW

1. Calculate the total cost to provide service
2. Split costs based on their primary function
3. Assign costs to customer classes based on who's driving costs
4. Rate Design: Determine types of charges and rates
5. NMPRC Hearing and Approval
6. New rates take effect on your bill

PNM CUSTOMER CLASSES

How PNM Customers Are Assigned To Customer Classes



Primary Use

Historical or Projected Energy Consumption

Historical or Projected Demand

TIME OF DAY

Costs are distinguished based on the time of actual use, with higher prices charged during peak times.

Time of Day (TOD):

On-Peak – 8am to 8pm, Monday – Friday

Off-Peak – All Other Hours



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SEASONALITY

Similar to the TOD concept, PNM seasonal prices recognize that consumption costs vary by time of year (season).

Seasonality:

“Summer” – June, July, August

“Non-Summer” – All Other Months



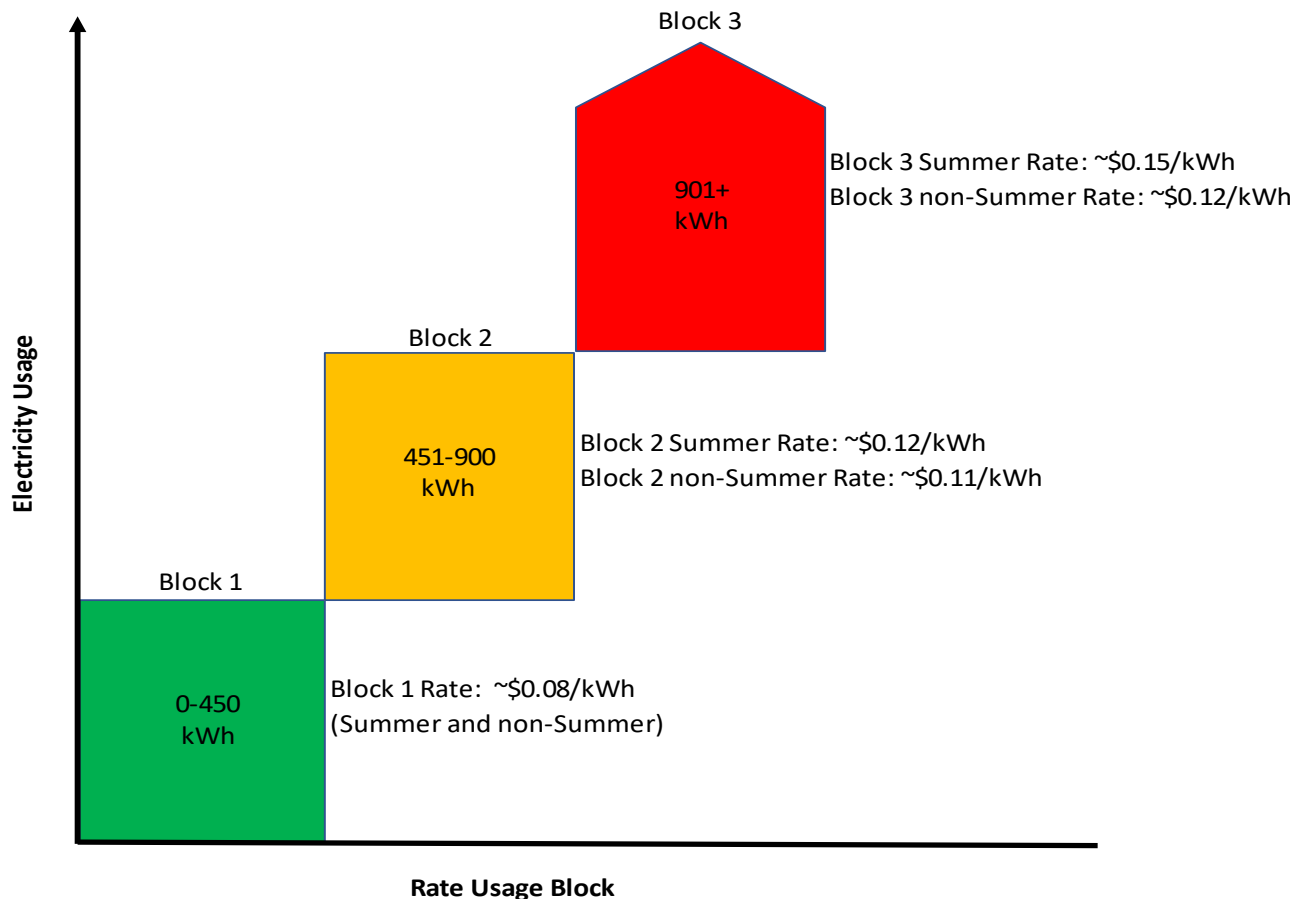
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RESIDENTIAL SCHEDULES 1A & 1B

Schedule 1A: Usage-Differentiated Rate

- Inclined block rates encourage energy conservation



RESIDENTIAL SCHEDULES 1A & 1B (CONTINUED)

Schedule 1B: Time-of-Day (TOD) Rate

- Rates are higher during:
 - On-Peak hours (8am – 8pm)
 - Summer months (June, July, August)

	Non-Summer (\$/kWh)	Summer (\$ / kWh)
Off-Peak	0.06	0.06
On-Peak	0.15	0.19



RESIDENTIAL SCHEDULES 1A & 1B (CONTINUED)

Applicable Rates & Fees:

Customer charge

Meter charge (schedule 1B only)

Energy charges

- Seasonal and usage-differentiated rates under schedule 1A
- Seasonal and Time-of-Day (TOD) rates for schedule 1B



SMALL POWER SCHEDULES 2A & 2B

- Customer monthly demand must be less than 50 kW for at least three months during the previous 12 months or must be projected to meet this criteria.
- Customer monthly consumption must be less than 15,000 kWh during the previous 12 months or must be projected to meet this criteria.

Applicable Rates & Fees:

- Customer charge
- Meter charge (Schedule 2B only)
- Energy rates
 - Seasonally-differentiated rates under schedule 2A
 - Seasonal and Time-Of-Day (TOD) rates for schedule 2B

LARGER COMMERCIAL CUSTOMERS

General Power (Rate Schedules 3B & 3C)

- For customers with monthly demand greater than 50 kW or monthly energy usage greater than 15,000 kWh
- PNM offers two TOD rate options

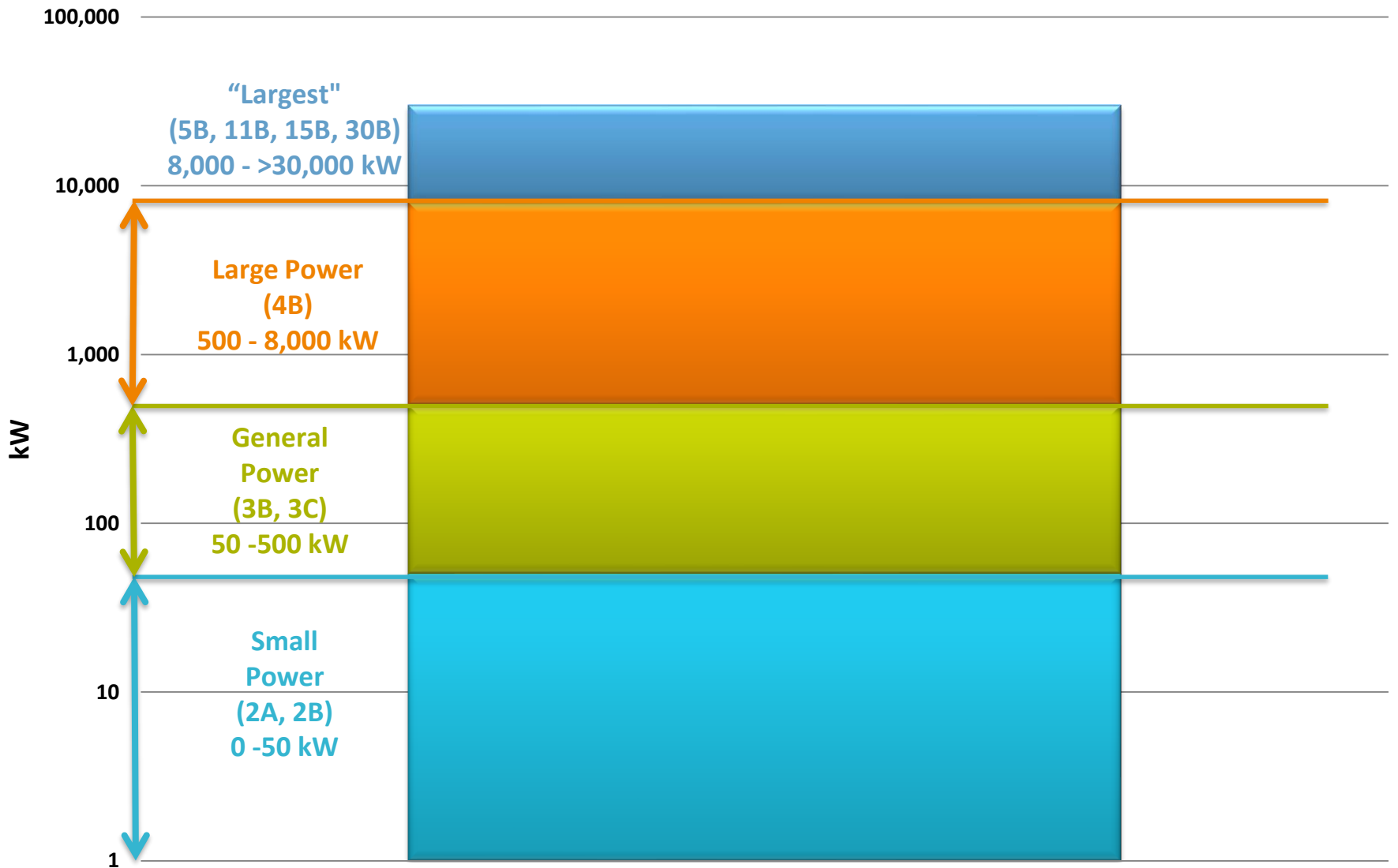
Large Power (Rate Schedule 4B)

- For customers with monthly demand greater than 500 kW
- TOD rate
- Contract may be required



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Rate Class

■ Small Power - 2A, 2B

■ Large Power - 4B

■ General Power - 3B, 3C

■ Water, Mines, Universities, Manufacturing

ADDITIONAL NON-RESIDENTIAL RATES

Large Industrial Service (Rate Schedule 5B)

Irrigation Service (Rate Schedules 10A & 10B)

Water and Sewage Pumping (Rate Schedule 11B)

Large Universities (Rate Schedule 15B)

Large Manufacturing (Rate Schedule 30B & 35B)

Street & Private Lighting (Rate Schedules 6 & 20)



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CHARGES ON YOUR PNM BILL

CHARGES ON YOUR BILL

Base Rates

- Customer Charges
- Energy Charges
- Demand Charges

Other Charges

- Riders
- Taxes & Fees



CUSTOMER AND METER CHARGES

- Type of charges: Flat, monthly, per-customer charge
- How they are allocated: These charges are intended to cover some of the costs of providing equipment, administrative and billing services to customers in a particular class.
- Costs included: Billing, meter reading, customer service, etc.

ENERGY CHARGES

- Type of charges: per kWh of energy consumed
- How they are allocated: The energy charges recover energy-related costs as well as any fixed costs that are not recovered from Customer and Demand charges.
- What costs are included: Both variable and fixed costs are recovered through these charges.

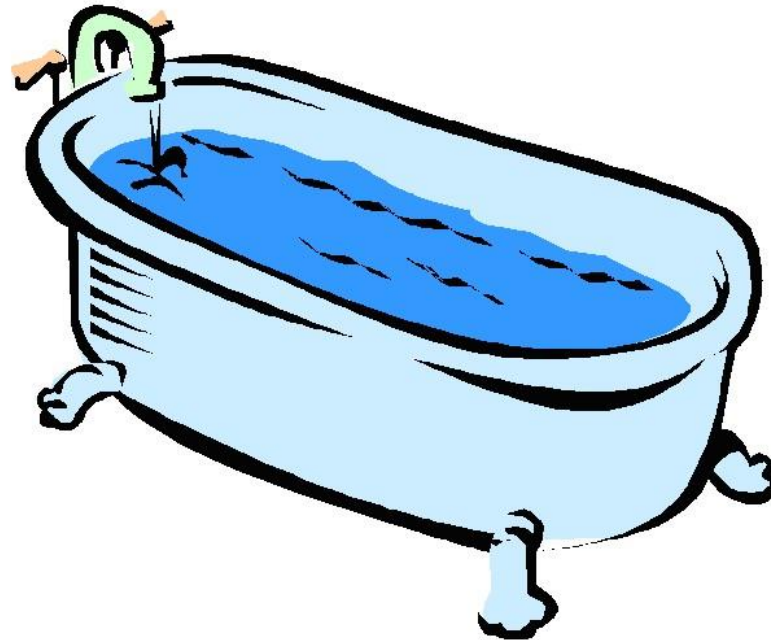
DEMAND CHARGES*

- Type of Charge: per kW charge
- How they are allocated: The demand charges recover some of the fixed costs. They are based on a customer's highest average 15-minute electric demand during on peak hours.
- What costs are included: The fixed costs resulting from building infrastructure to support the peak demand loads of customers.

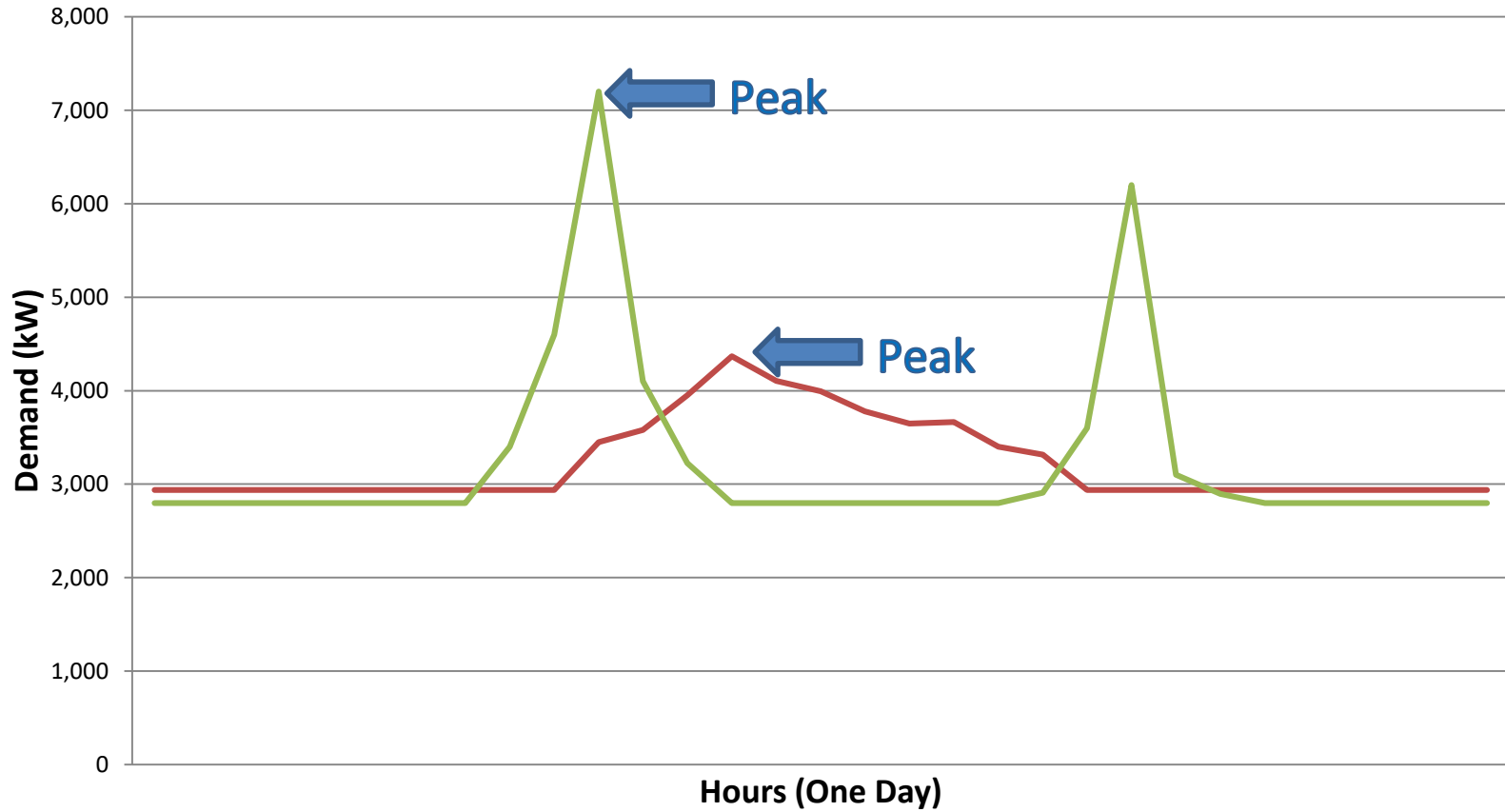
*Not applicable to all rate schedules.

WHY DOES DEMAND COST MORE?

Imagine filling a bathtub with water.

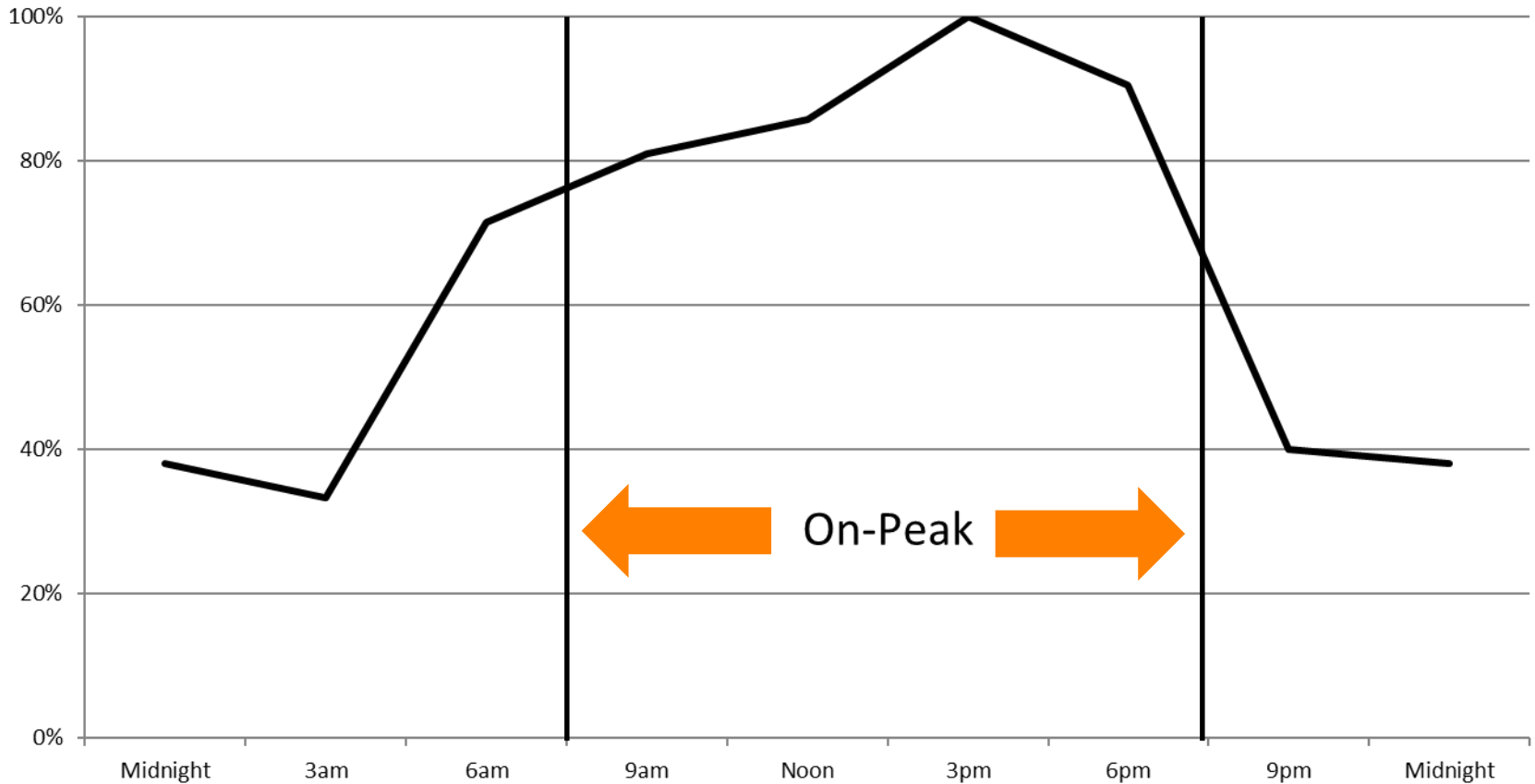


Two Customers: Same Energy Usage, Different Demand



HOW IS DEMAND MEASURED? THE MAXIMUM 15 MIN'S OF USE IN 1 MONTH

Daily Demand Profile



RIDERS

- Fuel Cost Adjustment Rider (per kWh): Recovers the actual variable fuel costs.
- Renewable Energy Rider (per kWh w/cap): Recovers the costs of Renewable Energy procurements.
- Cost Effective Energy Saving Program (% of bill w/cap): Recovers the costs of Energy Efficiency Programs.

PASS-THROUGH CHARGES

PNM collects several charges on behalf of governmental entities:

- Franchise Fees (% of Total Bill): Levied by municipalities who require PNM to sign franchise agreements to pay for rights-of-way within their boundaries. These fees are passed directly from the customers who consume electricity within those boundaries to the municipality.
- Gross Receipt Taxes (% of Total Bill): Levied by various taxing authorities. These taxes are passed directly from the customers who consume electricity within the taxing authorities' jurisdiction to that taxing authority.



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WHAT TYPES OF CHARGES APPLY TO THE CUSTOMER CLASSES?

Rate Class	Customer Charge	Meter Charge	Demand Charge	Energy Charge	TOD Rates	Seasonal Rates	Riders
Residential	✓			✓		✓	✓
Residential - TOD	✓	✓		✓	✓	✓	✓
Small Power	✓			✓		✓	✓
Small Power - TOD	✓	✓		✓	✓	✓	✓
General Power	✓		✓	✓	✓	✓	✓
Large Power	✓		✓	✓	✓	✓	✓

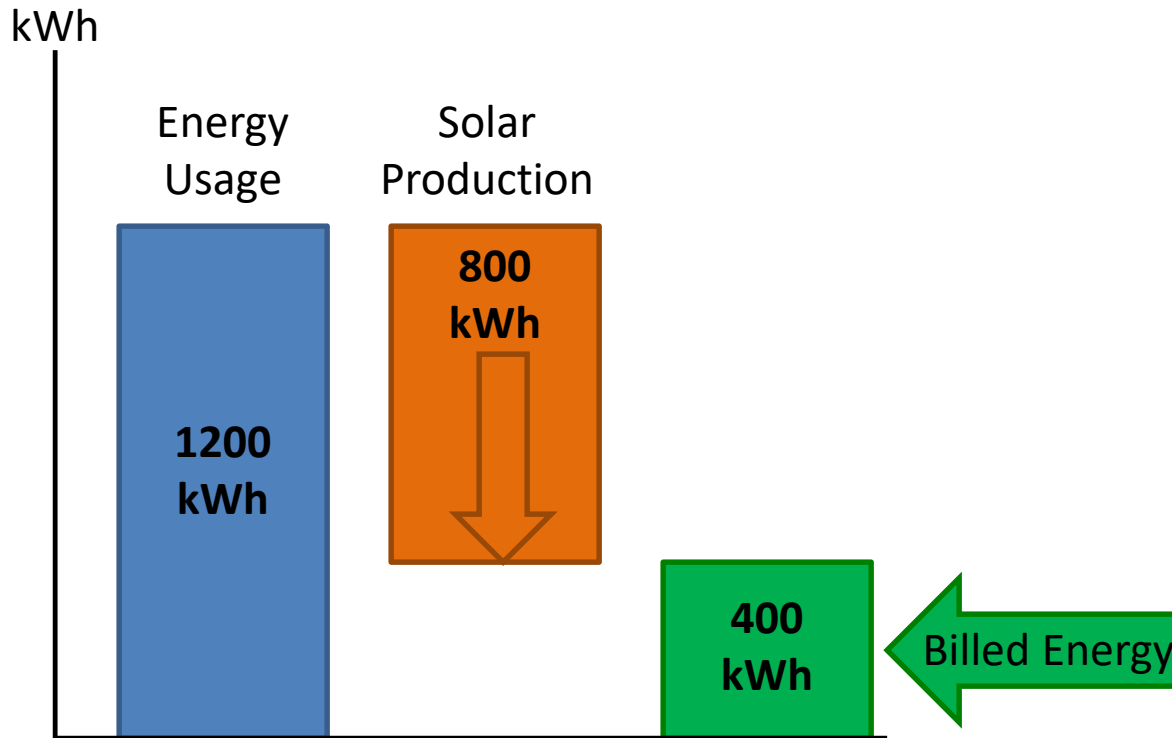
CUSTOMER OWNED SOLAR

Solar has become more affordable through finance programs, zero emissions incentives, and rebate programs

More homes than ever before are producing solar, sometimes reducing their energy costs to net zero

CUSTOMER-OWNED SOLAR SYSTEMS

Net Energy Metering

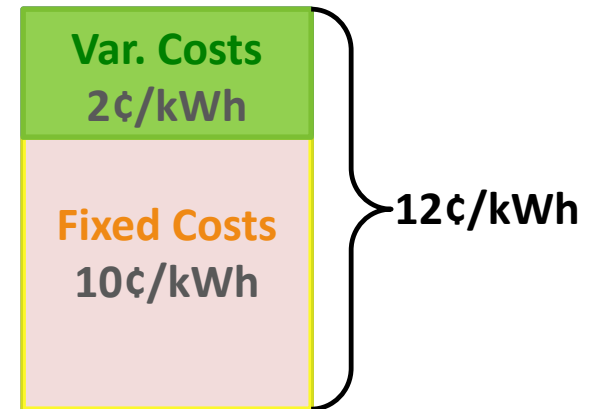


CUSTOMER-OWNED SOLAR SYSTEMS CONTINUED

- PNM recovers a portion of its fixed costs (FC) through it's per kWh charges.
- PNM fails to recover a portion of its fixed costs of providing service every time a customer reduces their energy consumption.

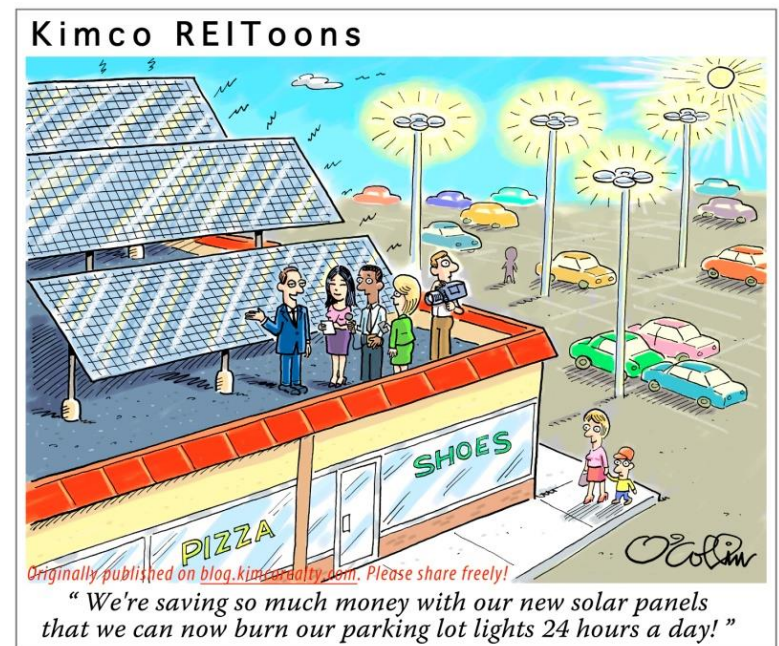
Example:

- $800\text{kWh} * \$0.10 = \80 Avoided FC
- $\$80 * 12 = \960 FC Avoided Annually
- **$\$960 * 2,000$ customers = \$1.92M**



CUSTOMER-OWNED SOLAR SYSTEMS: RESULTS

- Eventually, the utility must increase rates to recover its fixed costs of providing service.
- Both Solar and Non-solar customers rates are increased to recover PNM's fixed costs of providing service.
- Non-solar customers are required to pay more because solar customers avoid paying the full amount of fixed costs to serve them.
- Utilities are actively looking for ways to address this fairness issue.



FINDING YOUR WAY AROUND YOUR PNM BILL



CUSTOMER NAME
123 ANY STREET
ANY TOWN, NM 11111-1111

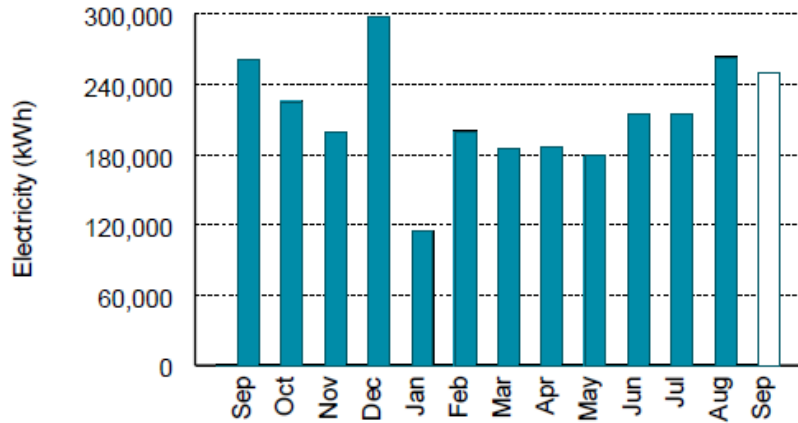


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DUE DATE	AMOUNT DUE
09/25/2020	\$26,138.94
ACCOUNT NUMBER	
000000000 - 0000000 - 0	

Service Address: CUSTOMER NAME
 123 ANY STREET
 ANY TOWN, NM
Bill Issued: 09/02/2020
Page: 1 of 2

YOUR ELECTRICITY USAGE



Your average electricity cost per day was \$871.29
 Your average usage per day was 8,349.60 kWh

■ Previous 12 months □ This Bill

HOW TO REACH US

Online: PNM.com
Phone: 1-888-DIAL-PNM (1-888-342-5766)
Para Español oprima 8
 Monday - Friday 7:30 AM - 6:00 PM

YOUR TOTAL CHARGES

Amount Of Your Last Bill	\$26,526.38
Payments Received (Thank You)	-\$26,526.38
Balance Before Current Bill	\$0.00
Your Current Electricity Charges	\$26,138.94
Total Amount Due	\$26,138.94

YOUR CURRENT ELECTRICITY CHARGES

Meter Read	Meter Read Date	Days Billed	Meter 0654137 Present	Meter 0654137 Previous	Meter Constant	Total kWh	Rate
Actual	09/09/2020	30	29565	- 28628	X 1.000	= 937.000	1A
Electricity You Used			Block 1 21 Days			315.000 kWh@ \$ 0.0779432	\$24.55
			Block 2 21 Days			315.000 kWh@ \$ 0.1240339	\$39.07
			Block 3 21 Days			25.900 kWh@ \$ 0.1495326	\$3.87
Electricity You Used			Block 1 09 Days			135.000 kWh@ \$ 0.0779432	\$10.52
			Block 2 09 Days			135.000 kWh@ \$ 0.1070240	\$14.45
			Block 3 09 Days			11.100 kWh@ \$ 0.1217077	\$1.35
Fuel Cost Adjustment:							
Non-Renewable: 86.3% of kWh						808.631 kWh@ \$ 0.0259858	\$21.01
Renewable: 13.7% of kWh						128.369 kWh@ \$ 0.0000000	\$0.00
Renewable Energy Rider						937.000 kWh@ \$ 0.0076413	\$7.16
Customer Charge							\$7.11
Cost-Effective Energy Saving Prog.			3.298%				\$4.25
City/County Franchise Fee			3.000%				\$4.00
Gross Receipts Tax							
State			5.1250%				\$7.04
County			1.1875%				\$1.63
City			1.5625%				\$2.15
Current Electricity Charges							\$148.16

YOUR BUDGET BILL

Budget Bill Balance	\$293.26
Current Budget Bill Payment Amount	\$132.00

DUE DATE

10/01/2020

AMOUNT DUE

\$132.00

ACCOUNT NUMBER

000000000 – 0000000 - 0

Service Address: CUSTOMER NAME
123 ANY STREET
ANY TOWN, NM

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MESSAGE CENTER

Winter Shut-off Protection

Protection from winter shut-off begins November 15, 2020. To avoid potential disconnection of services please contact the human services department at 800-283-4465, or the appropriate tribal or pueblo entity for eligibility information for low income heating energy assistance program (LIHEAP). Your service will not be disconnected from November 15, 2020, through March 15, 2021, if you meet the qualifications of LIHEAP and have no past due amounts or you remain current on any settlement or installment agreement for amounts due as of November 15, 2020. Members of New Mexico tribes or pueblos who need help with translation or with other matters may contact the commission's consumer relations division at (888) 427-5772, who will contact the appropriate tribal or pueblo official for assistance.

Para informacion en espanol llame 1-888-342-5766, pnm.com/web/espanol/es-shut-off-protection.

As a Budget Billing customer, your payment amount is the same each month. However, if you add a hot tub, electric space heater or other appliances, your energy usage will increase without you noticing it. Watch how much you use from month to month at "Total kWh" in the "Your Current Electricity Charges" section on page two of your bill. If the amount is consistently higher than in the past, consider calling us to reevaluate your Budget Billing payment amount so you don't have a big increase at the end of the Budget Billing year in August.

YOUR CURRENT ELECTRICITY CHARGES

Meter Read	Meter Read Date	Days Billed	Meter Present	Meter 0524632 Previous	Meter Constant	Total kWh	Rate
Actual	09/02/2020	30	26897	- 26413	X 40.000	= 19360.000	2B

Percent of kWh Used On-Peak		39.04%		
On-Peak Use and Charge	28 Days	7,056.000 kWh@	\$ 0.2051784	\$1,447.74
On-Peak Use and Charge	02 Days	504.000 kWh@	\$ 0.1591101	\$80.19
Off-Peak Use and Charge		11,800.000 kWh@	\$ 0.0590793	\$697.14
On-Peak Fuel Cost Adjustment:				
Non-Renewable: 86.3% of kWh		6,524.280 kWh@	\$ 0.0259858	\$169.54
Renewable: 13.7% of kWh		1,035.720 kWh@	\$ 0.0000000	\$0.00
Off-Peak Fuel Cost Adjustment:				
Non-Renewable: 86.3% of kWh		10,183.400 kWh@	\$ 0.0259858	\$264.62
Renewable: 13.7% of kWh		1,616.600 kWh@	\$ 0.0000000	\$0.00
On-Peak Renewable Energy Rider		7,560.000 kWh@	\$ 0.0076413	\$57.77
Off-Peak Renewable Energy Rider		11,800.000 kWh@	\$ 0.0076413	\$90.17
Customer Charge				\$7.55
Meter Charge				\$8.23
Cost-Effective Energy Saving Prog.	3.298%			\$93.10
City/County Franchise Fee	3.000%			\$87.48
Gross Receipts Tax				
State	5.1250%			\$153.93
County	1.1875%			\$35.67
City	1.5625%			\$46.93

Current Electricity Charges **\$3,240.06**

DUE DATE

AMOUNT DUE

09/25/2020

\$3,240.06

ACCOUNT NUMBER

000000000 – 0000000 - 0

Service Address: CUSTOMER NAME
123 ANY STREET
ANY TOWN, NM

Page: 2 of 2

MESSAGE CENTER

Receive outage alerts via email, text message or automated phone call. Sign up for outage alerts on PNM.com/outage.

PNM customers who are facing a financial emergency may be eligible to receive a grant to help pay part or all of a past-due PNM bill. Visit pnm.com/getting-help-gnf for more information.

We want to make sure you know about all the ways you can save money in your home through our PNM energy efficiency programs. Visit PNM.com/rebates-and-discounts to find out how much you could be saving in your home.



Talk to us.



YOUR CURRENT ELECTRICITY CHARGES

Meter Read	Meter Read Date	Days Billed	Meter 0475881		Meter Constant	Total kWh	Rate
Actual	09/30/2020	30	Present	Previous	X 80.000	= 21760.000	3B

Gen Pwr 3B TOU - PNM XFMR - EN0K

Percent of kWh Used On-Peak

47.05%

On-Peak Use and Charge 10,240.000 kWh@ \$ 0.0272265 \$278.80

Off-Peak Use and Charge 11,520.000 kWh@ \$ 0.0153008 \$176.27

On-Peak Fuel Cost Adjustment:

Non-Renewable: 86.3% of kWh 8,837.120 kWh@ \$ 0.0259858 \$229.64

Renewable: 13.7% of kWh 1,402.880 kWh@ \$ 0.0000000 \$0.00

Off-Peak Fuel Cost Adjustment:

Non-Renewable: 86.3% of kWh 9,941.760 kWh@ \$ 0.0259858 \$258.34

Renewable: 13.7% of kWh 1,578.240 kWh@ \$ 0.0000000 \$0.00

On-Peak Renewable Energy Rider 10,240.000 kWh@ \$ 0.0076413 \$78.25

Off-Peak Renewable Energy Rider 11,520.000 kWh@ \$ 0.0076413 \$88.03

Customer Charge \$81.63

Demand Reading 0.690

Actual Demand: (Read x Constant) 55.200

Billable Demand 55.200

Billed demand and charge 55.200 @ \$19.0200000 \$1,049.90

Cost-Effective Energy Saving Prog. 3.298% \$73.91

City/County Franchise Fee 3.000% \$69.44

Gross Receipts Tax

State 5.1250% \$122.19

County 1.5000% \$35.76

City 1.8125% \$43.21

Current Electricity Charges \$2,585.37



Talk to us.



PNM.COM

• View My Bill

- ▶ Bills
- ▶ Usage History
- ▶ Cost per kWh
- ▶ On Peak %
- ▶ Load Factor
- ▶ Power Factor

The screenshot displays the PNM website homepage. At the top, there is a navigation bar with the PNM logo, links for 'About PNM', 'Contact Us', 'Log In/Sign Up', and 'Español'. A 'Talk to us.' button is accompanied by social media icons for PNM.com, Twitter, and Facebook. A search bar is also present. Below the navigation bar, a horizontal menu lists 'Services for: Homes, Businesses, Community, Environment, Safety, My Account'. The main content area features a large banner with a background image of a utility worker on a power line. The banner text reads: 'Linemen are always on call.' and 'Report your outage online >> Or Call us at 1-888-DIAL-PNM'. On the left side of the banner, there is a 'Log In to My Account' button and a 'Not Registered? Sign Up.' link. Below this is a 'Quick Links' section with a list of services: 'Pay My Bill', 'Moving? Start, Stop or Transfer Service', 'Report an Outage', 'Billing Options', and 'New Construction & Upgrade Services'. At the bottom of the page, there are three promotional banners: 'Renewable Energy Serving our customers right now 11%' with a leaf icon, 'Outage Center Report power and streetlight outages' with a truck icon, and 'Easy Ways to Pay Online, by phone and more' with a checkmark icon. A 'Save Money Get rebates and discounts' banner with a piggy bank icon is also visible.

IDEAS TO HELP MANAGE YOUR ENERGY USAGE



Talk to us.



EVERYDAY ACTIONS & BEHAVIORS

- Replace any incandescent light bulbs with LED's
- Motion activated light sensors in meeting rooms, restrooms, conference rooms, breakrooms and hallways
- Install programmable or smart thermostats for swamp coolers
- Turning on equipment prior to 8 a.m. and after 8 p.m. to avoid peak demand charges
- HVAC upgrades
- Smart power strips
- Install energy efficient windows

ENERGY EFFICIENCY PROGRAMS



PNM Retrofit Rebate Program



PNM Building Tune-Up Program



PNM Multifamily Program



Refrigerator Recycling Program for Businesses

Visit [pnm.com/bizrebates](https://www.pnm.com/bizrebates)



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UPCOMING WEBINAR

2020 PNM ENERGY SOLUTIONS WEBINAR SERIES

- **Copper Theft Awareness – What you need to know to protect your business** - Thurs. November 12 at 2:00 pm

[PNM.com/business-events](https://www.pnm.com/business-events)



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QUESTIONS AND ANSWERS



Thank you for attending!

Please share your feedback with us via our survey after the webinar.

PNM Business Customers

Phone: (888) 245-3659

Hours: Weekdays, 7:30 a.m. to 6 p.m.



Talk to us.

